

December 5, 2005

MEMORANDUM

TO: Chief Fiscal Officers and 1099 Distribution List

FROM: James W. Fisher, Director
Finance & Administrative Services

SUBJECT: Information Returns Reporting Schedule for CY 2005

The Calendar Year/Tax Year 2005 year-end information returns processing schedule is attached. All agencies should adhere to the year-end IRS processing schedule to ensure that all information returns are filed timely. Agencies not participating in the Department of Accounts' (DOA) 1099 Adjustment and Reporting System (ARS) should disregard the ARS references in this memorandum and in the attachment.

For agencies participating in ARS, information returns data is available in three formats: paper copy reports, an Advanced Micro Solutions, Inc. (AMS) download file, and an ASCII flat file format. The latter two options are accessible through FINDS.

The first set of ARS reports contains the 1099 reportable transactions and adjustments processed from January 2005 through November 2005. These reports will be distributed on, Tuesday, December 6, 2005. Agencies should review these reports for accuracy and completeness. Adjustments to this information should be processed through the ARS by Friday, December 30, 2005.

The second set of ARS reports will be distributed on Tuesday, January 3, 2006. Agencies will have until COB Thursday, January 12, 2006, to process final adjustments through the ARS for Calendar Year/Tax Year 2005.

The final set of ARS reports will be distributed on Friday, January 13, 2006. Also, on Friday, January 13, 2006, the 1099 files will be available for downloading through FINDS. Procedures for downloading information returns are described in CAPP Topic 70805, *1099 Adjustment and Reporting System (ARS)*.

DOA recommends the following procedures when preparing IRS 1099 Information Returns:

- Review the latest edition of the following CAPP topics for the IRS requirements for information returns compliance. CAPP Topics 20320 and 70805 will be updated and available on the DOA website in December, 2005.
 - CAPP Topic 20320, *Information Returns Reporting*,
 - CAPP Topic 20319, *Electronic Federal Tax Payments Processing*
 - CAPP Topic 70805, *1099 Adjustment and Reporting System (ARS)*
- Issue all information returns to the recipients by January 31, 2006, for Calendar Year/Tax Year 2005.
- File magnetic media or paper information returns using the corresponding transmittal documents with the IRS by February 28, 2006 for the Calendar Year/Tax Year 2005, or file electronically with the IRS using the FIRE (Filing Information Returns Electronically) system by March 31, 2006.
- Whenever 250 or more of a particular information return type are issued, agencies must submit those returns to the IRS on magnetic media or electronically (not paper). Agencies unable to comply with this requirement should contact the IRS immediately and obtain a waiver. Be sure to obtain and review the detailed requirements in **IRS Publication 1220** (Rev. 09-2005), *Specifications for Filing Form 1098, 1099, 5498, and W-2G Electronically or Magnetically*.
- To report backup withholding taxes to the IRS, file **Form 945**, *Annual Return of Withheld Federal Income Tax* by January 31, 2006, for Calendar Year/Tax Year 2005. Refer to CAPP Topic 20319, *Electronic Federal Tax Payment Processing*, for further guidance.
- To report taxable payments made to foreign citizens, file the **Form 1042-S**, *Foreign Person's U. S. Source Income Subject to Withholding* with the recipient by March 15, 2006. Also, by March 15, 2006, file with the IRS, the **Form 1042**, *Annual Withholding Tax Return for U. S. Source Income of Foreign Persons*, the **Forms 1042-S**, and the **Form 1042-T**, *Annual Summary and Transmittal of Forms 1042-S*.

Any questions should be directed to Nick Whitby via e-mail at Nick.Whitby@doa.virginia.gov or at (804) 371-7808.

Attachment

2005 Information Returns Year-End Processing Schedule 1099 Adjustment and Reporting System (ARS)

<u>First Set of ARS Reports</u>	<u>Report Period</u>	<u>Distribution Date</u>
ACTR3005 , 1099 Reportable Transactions	Jan. - Nov. 2005	December 6, 2005
ACTR3010 , Detailed 1099 Reportable Trans. with Adj.	Jan. - Nov. 2005	December 6, 2005
ACTR3015 , Summarized 1099 Reportable Trans. with Adj.	Jan. - Nov. 2005	December 6, 2005

<u>Adjustments to First Set of ARS Reports</u>	<u>Report Period</u>	<u>Processing Dates</u>
Review First Set of ARS Reports & Process Adjustments	Jan. - Nov. 2005	Dec. 6 - Dec. 30

<u>Second Set of ARS Reports</u>	<u>Report Period</u>	<u>Distribution Date</u>
ACTR3005 , 1099 Reportable Transactions	Jan. - Dec. 2005	January 3, 2006
ACTR3010 , Detailed 1099 Reportable Trans. with Adj.	Jan. - Dec. 2005	January 3, 2006
ACTR3015 , Summary 1099 Reportable Trans. with Adj.	Jan. - Dec. 2005	January 3, 2006

<u>Adjustments to Second Set of ARS Reports</u>	<u>Report Period</u>	<u>Processing Dates</u>
Review 2nd Set of ARS Reports & Process Adjustments	Jan. - Dec. 2005	Jan. 3 - Jan. 12

<u>Final Set of ARS Reports and Download Files</u>	<u>Report Period</u>	<u>Distribution Dates</u>
ACTR3005 , 1099 Reportable Transactions	Jan. - Dec. 2005	January 13, 2006
ACTR3010 , Detailed 1099 Reportable Trans. with Adj.	Jan. - Dec. 2005	January 13, 2006
ACTR3015 , Summarized 1099 Reportable Trans. with Adj.	Jan. - Dec. 2005	January 13, 2006
ACTB3035 , Vendor Payments Subject to Information Returns Reporting	Jan. - Dec. 2005	January 13, 2006
ACTB3040 , Vendor Payments Subject to Information Returns Reporting by State	Jan. - Dec. 2005	January 13, 2006
ACTB3045 , Backup Withholding Payments by Agency	Jan. - Dec. 2005	January 13, 2006
FINDS - 1099 Files Available for Downloading	Jan. - Dec. 2005	January 13, 2006

<u>Summary of Selected IRS Due Dates</u>	<u>Report Period</u>	<u>Due Dates</u>
1099 information returns to Recipients	Jan. - Dec. 2005	January 31, 2006
Form 945 , Annual Return of Withheld Federal Income Tax	Jan. - Dec. 2005	January 31, 2006
1099 Information Returns to IRS (Mag. Media or Paper)	Jan. - Dec. 2005	February 28, 2006
1099 Information Returns to IRS (Electronic Filing)	Jan. - Dec. 2005	March 31, 2006
Forms 1042, 1042-T & 1042-S to the IRS and recipients	Jan. - Dec. 2005	March 15, 2006

ATTACHMENT